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Proposed Counsel for the Debtor

UNITED STATES BANKRUPTCY COURT

DISTRICT OF NEVADA

In re:

LEVEL UP DEVELOPMENTS, LLC,

Debtor.

Case No.: 21-12509-ABL

Chapter 11 Subchapter V

**DECLARATION OF RAMZEY SAMHAT
IN SUPPORT OF DEBTOR'S MOTION
FOR CONVERSION OF CHAPTER 11
CASE TO CHAPTER 7**

Hearing Date: September 1, 2021

Hearing Time: 1:30 p.m.

I, Ramzey Samhat, hereby state as follows under penalty of perjury:

1. I am over the age of 18 and mentally competent.

2. I make this *Declaration in Support of Debtor's Motion for Conversion of Chapter 11 Case to Chapter 7*, filed concurrently herewith by Level Up Developments, LLC, a Nevada limited liability company ("Debtor"), as debtor and debtor in possession in the above-captioned bankruptcy case ("Case").

3. I am the Managing Member of the Debtor. In this capacity, I am responsible for the management of all aspects of the Debtor's business operations. I am readily familiar with the Debtor's business, operational, and financial affairs. Except as otherwise indicated, all facts set forth herein are based on my personal knowledge of the Debtor's operations and finances, information learned from



1 my review of relevant documents, and information supplied by other members of my staff and my legal
2 advisors. If called upon to testify regarding the contents of this Declaration, I could and would do so
3 consistent herewith.

4 4. On May 14, 2021 (“Petition Date”), Debtor filed a voluntary bankruptcy petition, which
5 initiated the above-captioned small business Chapter 11 bankruptcy case (“Case”), and the Debtor has
6 and continues to operate its business and manage its property as a debtor-in-possession.

7 5. On August 31, 2020, Debtor acquired its business—an established full-service
8 marketing agency specializing in web design, digital marketing, and search engine optimization.
9 Among other services, it builds and maintains websites, helps customers expand visibility through
10 search engine marketing, and provides additional services such as print production. Debtor’s business
11 model is focused primarily on serving furniture retailers and manufacturers within Amish community
12 of Ohio. Debtor employs two full-time employees and works with various third-party contractors.

13 6. In purchasing the business, Debtor unknowingly relied on material misrepresentations
14 and warranties made by the sellers, which became the primary causes of Debtor’s need for bankruptcy
15 reorganization.

16 7. Specifically, as a result of the material misrepresentations, Debtor could not meet its
17 liabilities and obligations under the existing contracts and began to experience financial distress shortly
18 after the closing of the sale.

19 8. While the Debtor attempted to address these issues outside of bankruptcy, ultimately a
20 bankruptcy was necessary.

21 9. Debtor is seeking to employ a realtor to aid in liquidation of the two commercial
22 condominium units in the Tall Madge Professional Group Condominium, located at 193 East Ave,
23 Units C & D, Tallmadge, Ohio 44278 (“Property”).

24 10. On its bankruptcy schedules, Debtor listed Huntington National Bank (“Huntington”)
25 as its largest secured creditor. Huntington holds a claim secured by the Property in the amount of
26 \$947,000.00. Huntington holds an additional secured claim in the amount of \$100,000.00 (together,
27 “Huntington Claims”). The current value of the Property is \$235,000.00.

1 11. On December 16, 2020, Debtor filed a complaint against the sellers of Debtor's
2 business, Ryan Kralik and Neo ventures Inc. f/k/a WebsiteNeo (collectively, "Sellers"), asserting
3 claims for breach of contract, fraud, conversion, tortious interference with business relationships, and
4 violation of non-compete agreement ("Complaint") in the Court of Common Pleas, Summit County,
5 Ohio ("Ohio Litigation").

6 12. Since the Petition Date, Debtor has experienced a continued revenue decline. Some of
7 the causes of such declines are believed to be the numerous material misrepresentations of the business
8 value by the Sellers, the unique business model focused narrowly on the Amish community of Ohio,
9 and the perceived consequences of non-compete agreement violations by the Sellers. Even if Debtor's
10 plan is confirmed, in light of Debtor's steadily deteriorating financial condition, exacerbated by the
11 costly Ohio Litigation, Debtor will be unable to fund its reorganization efforts, or even ongoing
12 business operations.

13 I DECLARE UNDER PENALTY OF PERJURY THAT THE FOREGOING IS TRUE AND
14 CORRECT.

15 Executed on this 30th day of July, 2021.


RAMZEY SAMHAT

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